

Memorandum



Date: October 10, 2006

To: Honorable Chairman Joe A. Martinez
and Members, Board of County Commissioners

From: George M. Burgess
County Manager

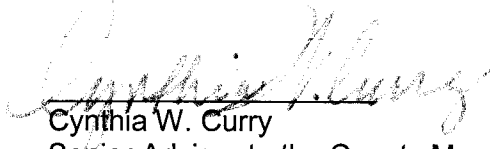
Agenda Item No. 10(E)(1)(A)

Subject: Resolution Approving Issuance of Industrial Development Health Care Revenue Bonds
for Hebrew Homes Health Network, Inc. Project

The attached resolution and memorandum are placed on the agenda on behalf of the Miami-Dade County Industrial Development Authority. The item approves the issuance of industrial development health care revenue bonds by the Industrial Development Authority for Hebrew Homes Health Network, Inc. after a public hearing was held by the Industrial Development Authority.

Section 147(f) of the Internal Revenue Code of 1986 ("TEFRA") requires that the Board of County Commissioners (the Board) approve the issuance of industrial development health care revenue bonds after a public hearing has been held either by the Miami-Dade County Industrial Development Authority or the Board. For efficiency, the Miami-Dade County Industrial Development Authority has the authority to conduct the public hearing subject to review and ratification by the Board. Neither the Miami-Dade County Industrial Development Authority nor Miami-Dade County has any liability with respect to the repayment of the bonds.

Attachments



Cynthia W. Curry
Senior Advisor to the County Manager

Memorandum



Date: October 10, 2006

To: Honorable Chairman Joe A. Martinez
and Members, Board of County Commissioners

From: Albert Morrison, Jr. 
Miami-Dade County
Industrial Development Authority

Subject: Application for Industrial Development Health Care Revenue Bond financing for Hebrew Homes Health Network, Inc. project

RECOMMENDATION

It is recommended that the Board approve the issuance of the Authority's Industrial Development Health Care Revenue Bonds for the Hebrew Homes Health Network, Inc. project, as detailed in the attached reports.

BACKGROUND

Review and analysis of the project has been completed by the Authority, County Attorney's Office, and Bond Counsel. The Authority has conducted the federally required public hearing, as detailed in the attached public hearing transcript.

Hebrew Homes Health Network, Inc., has applied for Industrial Development Health Care Revenue Bond financing assistance in a maximum principal amount not to exceed \$42,725,000. The bond issue proceeds, which will be guaranteed by a letter of credit from a rated financial institution, will be used to make a loan or loans to Hebrew Homes Health Network, Inc. ("HHHN") or Hebrew Homes of Miami Beach, Inc., the sole member of which is HHHN, to finance or refinance the cost of the following capital projects: the acquisition of a 98-bed skilled nursing facility known as Arch Plaza, including related furnishings, fixtures and equipment, located at 12505 N.E. 16th Avenue, North Miami, Florida, the acquisition of a 120-bed skilled nursing facility known as Jackson Plaza, including related furnishings, fixtures and equipment, located at 1861 N.W. 8th Avenue, Miami, Florida, the acquisition of a 147-bed skilled nursing facility known as Ponce Plaza, including related furnishings, fixtures and equipment, located at 335 S.W. 12th Avenue, Miami, Florida, and the acquisition of an 85-bed skilled nursing facility known as Plaza North, including related furnishings, fixtures and equipment, located at 14601 N.E. 16th Avenue, North Miami Beach, Florida, and to pay costs of issuance of the Bonds; each facility to be owned by a Borrower and operated by an affiliate of HHHN. Hebrew Homes Health Network, Inc. reports it currently employs approximately 1005 people full-time and 65 part-time.

A proposed bond issue in the amount of \$25,130,000 was previously approved by the Board (Resolution No. R-1351-05) on December 6, 2005 for Hebrew Homes Health Network, Inc. to facilitate the refinancing of the Hebrew Homes of South Beach skilled care facility owned and operated by HHHN and the acquisition of Ponce Plaza skilled care facility being leased and operated by HHHN, but not owned.

**Honorable Chairman Joe A. Martinez
and Members, Board of County Commissioners**

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Subsequently, Hebrew Homes Health Network, Inc. decided to revise the scope of the project to include the acquisition of three additional skilled care facilities being leased and operated, but not owned and to delete the refinancing of the Hebrew Homes of South Beach project, as detailed in the attached revised staff report.

HEBREW HOMES HEALTH NETWORK INC.

THE COMPANY

Hebrew Homes Health Network Inc. ("HHHN"), located at 320 Collins Avenue, Miami Beach, Florida, was organized for the purpose of acquiring, operating and developing nursing services facilities. First organized in the 1950's, HHHN has been providing skilled nursing services to the citizens of Miami-Dade County and is the sole member of various subsidiary entities that support its operating charter. Collectively, HHHN and subsidiaries comprise four entity types: (1) parent entity, HHHN is the sole member of all subsidiary entities; (2) operating entities that lease and operate skilled nursing services facilities located throughout Miami-Dade County; (3) real estate holding company, Hebrew Homes of Miami Beach, Inc., and (4) ancillary subsidiaries that provide management, fund raising and insurance services to the Network.

THE PROJECT

HHHN currently operates several skilled nursing facilities in Miami-Dade County. The Company is requesting Industrial Development Health Care Revenue Bond financing assistance in an amount not to exceed \$42,725,000 in order to finance the purchase of four (4) existing facilities being leased and operated, but not owned.

Elements of the proposed project include:

ACQUISITION OF NURSING CARE FACILITIES BEING LEASED AND OPERATED BUT NOT OWNED:

1. Acquisition of Arch Plaza, a 98 bed skilled care facility ----- \$7,970,000
located at 12505 NE 16 Avenue, North Miami, Florida
 - Land - approximately 59,242 sq. ft. \$ 1,312,675
 - Building - approximately 39,353 sq. ft.,
Furnishings, Fixtures, Equipment etc..... \$ 6,657,325
 - (Appraised Value \$7,970,000)**

2. Acquisition of Jackson Plaza, a 120 bed skilled care facility ----- \$11,400,000
located at 1861 NW 8 Avenue, Miami, Florida
 - Land - approximately 54,000 sq. ft. \$ 1,236,825
 - Building - approximately 51,257 sq. ft.,
Furnishings, Fixtures, Equipment etc..... \$10,163,175
 - (Appraised Value \$13,400,000)**

3. Acquisition of Ponce Plaza, a 147 bed skilled care facility ----- \$18,040,000
located at 335 SW 12 Avenue, Miami, Florida
 - Land - approximately 37,613 sq. ft. \$ 2,044,375
 - Building - approximately 50,439 sq. ft.,
Furnishings, Fixtures, Equipment etc..... \$15,995,625
 - (Appraised Value \$21,140,000)**

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4. Acquisition of Plaza North, a 85 bed skilled care facility ----- \$ 3,990,000
located at 14601 NE 16 Avenue, North Miami Beach, Florida
- Land - approximately 66,501 sq. ft. \$ 2,015,895
 - Building - approximately 19,783 sq. ft.,
Furnishings, Fixtures, Equipment etc..... \$ 1,974,105
- (Appraised Value \$3,990,000)**

FINANCIAL SUFFICIENCY

Audited financial statements for Hebrew Homes Health Network Inc. for the fiscal years ended December 31, 2005, 2004, 2003, and 2002 have been provided.

A review of the submitted financial and related information indicates:

<u>SOURCE OF FUNDS</u>		<u>USE OF FUNDS</u>	
Bond Issue Proceeds*	\$42,725,000	Acquisition of Land and Existing Facilities	\$41,400,000
		Contingency Reserve	500,000
		Bond Issuance Expenses	825,000
TOTAL	<u>\$42,725,000</u>	TOTAL	<u>\$42,725,000</u>

* Any costs related to the bond issue and development of the project which cannot be paid out of bond proceeds will be borne by the company.

Information relative to the proposed financial structure includes:

Financial Structure:	Corporate Debt. Facilities to be owned by Hebrew Homes Health Network, Inc. or Hebrew Homes of Miami Beach, Inc. and operated by an affiliate of Hebrew Homes Health Network, Inc.
Security:	First mortgage on all assets financed with bond proceeds.
Guarantee:	Letter of Credit from a rated financial institution acceptable to the Authority.
Marketing:	Private placement.

LEGAL

Under the 1986 Tax Act, facilities for 501(c)(3) corporations are eligible for financing with tax-exempt industrial development revenue bonds providing the project is part of the corporation's normal course of business. Bonds issued for the benefit of a 501(c)(3) corporation are also exempt from the requirement of being included under the state bond volume cap.

ECONOMIC IMPACT

HHHN has operated in Miami Dade County for over 50 years providing quality skilled nursing services to the Miami Dade County community. The organization reports it employs approximately 1005 people full-time and 65 part-time.

In addition to supporting facilities providing skilled nursing services to the citizens of Miami Dade County, completion of the project will contribute significantly to the continued financial success of the projects and enable the projects to remain competitive within the industry, as well as maintain its viability as an employer.



**MIAMI-DADE COUNTY
INDUSTRIAL DEVELOPMENT AUTHORITY
TEFRA/PUBLIC HEARING**

The Miami-Dade County Industrial Development Authority (the "Authority") has been requested to issue its Health Care Revenue Bonds in an aggregate principal amount not exceeding \$42,725,000 (the "Bonds"), the proceeds of which will be used to make a loan or loans to Hebrew Homes Health Network, Inc. ("HHHN") or Hebrew Homes of Miami Beach, Inc., the sole member of which is HHHN (each, a "Borrower"), to finance or refinance the cost of the following capital projects: (i) the acquisition of a 98-bed skilled nursing facility known as Arch Plaza, including related furnishings, fixtures and equipment, located at 12505 N.E. 16th Avenue, North Miami, Florida, (ii) the acquisition of a 120-bed skilled nursing facility known as Jackson Plaza, including related furnishings, fixtures and equipment, located at 1861 N.W. 8th Avenue, Miami, Florida, (iii) the acquisition of a 147-bed skilled nursing facility known as Ponce Plaza, including related furnishings, fixtures and equipment, located at 335 S.W. 12th Avenue, Miami, Florida, and (iv) the acquisition of an 85-bed skilled nursing facility known as Plaza North, including related furnishings, fixtures and equipment, located at 14601 N.E. 16th Avenue, North Miami Beach, Florida; each facility to be owned by a Borrower and operated by an affiliate of HHHN (collectively, the "Project").

The Bonds shall not be a debt, liability or obligation of the Authority or of Miami-Dade County, Florida, or of the State of Florida, or of any political subdivision thereof, but shall be payable solely from payments derived from the operation of the Project or the security instruments for the Bonds.

Please take note that the Authority will hold a public hearing on the Project and associated issues regarding the Bonds at the Brickell BayView Centre, 80 SW 8th Street, Suite 2801, Miami, Florida, on Thursday, August 17, 2006 commencing at 11:00 a.m. or shortly thereafter, at which time any person may be heard regarding the proposed issuance of said Bonds and the Project. The Authority will submit a transcript of the statements made at the hearing and written comments to the Board of County Commissioners, Miami-Dade County, Florida, which must approve or disapprove the issuance of the Bonds.

MIAMI-DADE COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY

TRANSCRIPT OF PUBLIC HEARING

THURSDAY, AUGUST 17, 2006

At 11:00 a.m., the Director of Operations of the Miami-Dade County Industrial Development Authority announced that the Authority would proceed to hold a public hearing on the issuance of Industrial Development Revenue Bonds. The following is a substantially verbatim account of the proceedings of this hearing.

The following persons were present:

Amanda Llovet
Director of Operations

Miami-Dade County
Industrial Development Authority

80 SW 8th Street, Ste. 2801
Miami, Florida 33130

Cynthia Castillo
Administrative Assistant

Miami-Dade County
Industrial Development Authority

80 SW 8th Street, Ste. 2801
Miami, Florida 33130

Elliot Kalus
Secretary/Treasurer

Hebrew Homes Health Network

1800 NE 168th Street, Suite 200
North Miami Beach, Florida 33162

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Director of Operations We will now conduct the public hearing on the proposed issuance of Industrial Development Revenue Bonds for the capital project located in Miami-Dade County.

This public hearing is being conducted pursuant to requirements of the Federal Tax Equity and Fiscal Responsibility Act of 1982. The Act requires that in order for the interest on Industrial Development Revenue Bonds to be exempt from Federal Income Tax, such proposed bonds must be approved by either a voter referendum or by an applicable elected legislative body after a public hearing following reasonable public notice.

We have received a copy of a notice advising that the Industrial Development Authority will hold a public hearing on the proposed issuance of Industrial Development Revenue Bonds to finance all or a portion of the capital costs associated with the project mentioned in that notice. The notice appeared in The Miami Herald on Thursday, August 3, 2006, page 5B.

We will now commence the public hearing. The hearing will be conducted in the following format: First, a brief synopsis of the proposed bonds and the project will be provided. Second, testimony from anyone desiring to speak will be heard. Anyone wishing to speak should give their name and address for the record.

The project for consideration is an Industrial Development Authority Health Care Revenue Bond issue for Hebrew Homes Health Network, Inc. in a maximum principal amount not to exceed \$42,725,000. The bond proceeds will be used to make a loan or loans to Hebrew Homes Health Network, Inc. ("HHHN") or Hebrew Homes of Miami Beach, Inc., the sole member of which is HHHN, to finance or refinance the cost of the following capital projects: the acquisition of a 98-bed skilled nursing facility known as Arch Plaza, including related furnishings, fixtures and equipment, located at 12505 NE 16th Avenue, North Miami, Florida, the acquisition of a 120-bed skilled nursing facility known as Jackson Plaza, including related furnishings, fixtures and equipment, located at 1861 NW 8th Avenue, Miami, Florida, the acquisition of a 147-bed skilled nursing facility known as Ponce Plaza, including related furnishings, fixtures and equipment, located at 335 SW 12th Avenue, Miami, Florida, and the acquisition of an 85-bed skilled nursing facility known as Plaza North, including related furnishings, fixtures and equipment, located at 14601 NE 16th Avenue, North Miami Beach, Florida; each facility to be owned by a Borrower and operated by an affiliate of HHHN.

Director of Operations Action taken by the Authority to date includes a review of the project in accordance with Authority Guidelines and Procedures and the adoption of a Memorandum of Agreement which specifies the terms of the proposed bond issue.

Testimony will now be heard by anyone desiring to speak.

Let the record reflect that Elliot Kalus is in attendance representing the applicant. Mr. Kalus, is there anything you would like to add?

Elliot Kalus I think everything you said was correct. Thank you for the opportunity to be here.

Director of Operations This concludes the public hearing scheduled for today. This project, together with a transcript of today's public hearing, will be forwarded to the Miami-Dade County Board of County Commissioners at a regular meeting, at which time the Commission will approve or disapprove the proposed issuance of Bonds by the Miami-Dade County Industrial Development Authority.



MEMORANDUM

(Revised)

TO: Honorable Chairman Joe A. Martinez
and Members, Board of County Commissioners

DATE: October 10, 2006

FROM: Murray A. Greenberg
County Attorney

SUBJECT: Agenda Item No. 10(E)(1)(A)

Please note any items checked.

_____ "4-Day Rule" ("3-Day Rule" for committees) applicable if raised

_____ 6 weeks required between first reading and public hearing

_____ 4 weeks notification to municipal officials required prior to public hearing

_____ Decreases revenues or increases expenditures without balancing budget

_____ Budget required

_____ Statement of fiscal impact required

_____ Bid waiver requiring County Manager's written recommendation

_____ Ordinance creating a new board requires detailed County Manager's report for public hearing

_____ Housekeeping item (no policy decision required)

_____ No committee review

Approved _____ Mayor

Veto _____

Override _____

Agenda Item No. 10(E)(1)(A)

10-10-06

RESOLUTION NO. _____

RESOLUTION APPROVING ISSUANCE OF MIAMI-DADE
COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY
HEALTH CARE REVENUE BONDS IN AN AMOUNT NOT TO
EXCEED \$42,725,000 TO FINANCE OR REFINANCE
CAPITAL PROJECTS FOR BENEFIT OF HEBREW HOMES
HEALTH NETWORK, INC. FOR PURPOSES OF AND
PURSUANT TO SECTION 147(F) OF INTERNAL
REVENUE CODE OF 1986, AS AMENDED

WHEREAS, Atlas Hebrew Homes Health Network, Inc., a Florida
not for profit corporation ("HHHN"), has requested the Miami-Dade
County Industrial Development Authority (the "Authority") to issue
not exceeding \$42,725,000 aggregate principal amount of its Health
Care Revenue Bonds (Hebrew Homes Health Network, Inc. Project),
Series 2006 (the "Bonds"), the proceeds of which will be used to
make a loan to HHHN or Hebrew Homes of Miami Beach, Inc., the sole
member of which is HHHN (each, a "Borrower"), to (i) finance or
refinance the cost of the following capital projects: (a) the
acquisition of a 98-bed skilled nursing facility known as Arch
Plaza, including related furnishings, fixtures and equipment,
located at 12505 N.E. 16th Avenue, North Miami, Florida, (b) the
acquisition of a 120-bed skilled nursing facility known as Jackson

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Plaza, including related furnishings, fixtures and equipment, located at 1861 N.W. 8th Avenue, Miami, Florida, (c) the acquisition of a 147-bed skilled nursing facility known as Ponce Plaza, including related furnishings, fixtures and equipment, located at 335 S.W. 12th Avenue, Miami, Florida, and (d) the acquisition of an 85-bed skilled nursing facility known as Plaza North, including related furnishings, fixtures and equipment, located at 14601 N.E. 16th Avenue, North Miami Beach, Florida; each facility to be owned by a Borrower and operated by an affiliate of HHHN (collectively, the "Project") and (ii) pay the costs of issuing the Bonds; and

WHEREAS, the Authority intends to issue the Bonds subject to approval by the Board of County Commissioners of Miami-Dade County, Florida (the "Board") and final approval by the Authority of the financing documents for the Project, which is more particularly described in the report prepared by the Executive Director of the Authority (a copy of which is attached hereto as Exhibit A); and

WHEREAS, on Thursday, August 17, 2006, the Authority held a public hearing, notice of which was published on Thursday, August

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3, 2006 in The Miami Herald (a copy of which notice is attached hereto as Exhibit B), for the purpose of giving all interested persons an opportunity to express their views in connection with the issuance of the Bonds, as required by Section 147(f) of the Internal Revenue Code of 1986, as amended (the "Code"); and

WHEREAS, after reviewing a copy of the transcript of the Authority's public hearing held on Thursday, August 17, 2006, in respect of the Bonds (a copy of which transcript is attached hereto as Exhibit C), and finding that the Project will inure to the benefit of the citizens of Miami-Dade County, this Board desires to approve the issuance of the Bonds for the purpose of complying with Section 147(f) of the Code,

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF MIAMI-DADE COUNTY, FLORIDA:

Section 1. The issuance of Health Care Revenue Bonds of the Miami-Dade County Industrial Development Authority in an aggregate principal amount not to exceed \$42,725,000 for the purpose of financing or refinancing all or a portion of the costs of the Project, as previously described, is approved.

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Section 2. The Bonds and the interest on the Bonds shall not constitute a debt, liability or general obligation of the Authority, the County or of the State of Florida or of any political subdivision thereof, but shall be payable solely from the revenues or other moneys specifically provided by the Company for the payment of the Bonds and neither the faith and credit nor any taxing power of the Authority, the County or of the State of Florida or of any political subdivision thereof is pledged to the payment of the principal or interest on the Bonds.

The foregoing resolution was offered by Commissioner

, who moved its adoption. The

motion was seconded by Commissioner

and upon being put to a vote, the vote was as follows:

Joe A. Martinez, Chairman
Dennis C. Moss, Vice-Chairman

Bruno A. Barreiro
Audrey M. Edmonson
Sally A. Heyman
Dorrin D. Rolle
Katy Sorenson
Sen. Javier D. Souto

Jose "Pepe" Diaz
Carlos A. Gimenez
Barbara J. Jordan
Natacha Seijas
Rebeca Sosa

The Chairperson thereupon declared the resolution duly passed and adopted this 10th day of October, 2006. This resolution shall become effective ten (10) days after the date of its adoption unless vetoed by the Mayor, and if vetoed, shall become effective only upon an override by this Board.

MIAMI-DADE COUNTY, FLORIDA
BY ITS BOARD OF COUNTY
COMMISSIONERS

HARVEY RUVIN, CLERK

By: _____
Deputy Clerk

Approved by County Attorney as
to form and legal sufficiency.



Gerald T. Heffernan